Clean Air Act Advisory Committee
Air Quality Management Subcommittee Meeting
April 4, 2006
Sheraton Crystal City Hotel
Arlington, VA

Introduction

Greg Green, EPA/OAQPS presented the agenda and initiated the meeting. Jeff Whitlow, EPA OAQPS, gave an overview of the Air Quality Management subcommittee meeting booklet, which compiled the work of the two teams since the last meeting. Mr. Green explained that Bob Wyman had initiated some discussions on the goals of the recommendations and issue groups in relation to the principles and visions of the group. Mr. Bachmann, therefore, went through the list of recommendations and issues to make sure the group was addressing these principles, and would be presenting his findings with Debbie Stackhouse. Mr. Green emphasized his intention for this meeting was to analyze the recommendations and discuss if additional ones were needed, and not to decide which ones were to be removed.

Rob Brenner, EPA OAR, added that he heard concerns from some people that echoed that of the NAS panel, concerning possible changes in the Clean Air Act. One concern was that the SIP process is a burdensome process to some stakeholders with little payoff. Mr. Brenner reiterated the importance of improving the process or finding an efficient alternative. He urged the members to think broadly and take bold steps in order to respond to the challenges laid out by the NAS panel. Debbie Stackhouse, EPA OAQPS, pointed out to the newcomers that the recommendations were still in draft form, and the final recommendations are expected for the end of the year.

Leah Weiss, NESCAUM, raised the issue that many states have a lot on their plate with the SIP process, NAAQS, and monitoring. She stated that her states would like to make sure to have adequate time in order to play their parts, which has been a challenge thus far. She also called attention to the fact that there are some aspects of the SIPs that have been successful. Lynn Terry, CA Air Resources Board, agreed that tremendous air quality progress has been made under the SIP process.

Problem Identification – John Bachmann, EPA OAQPS

John Bachmann, EPA OAQPS, began his presentation of the recommendations review and indicated that he would outline challenges that will need to be faced (see Problem Identification PowerPoint). He said the Futures Presentation outlined the importance of PM, ozone, and air toxics from the public health perspective; however, he stressed the importance of ecosystem effects, which has not been emphasized enough by the committee. Many of the pollutants, such as ozone, have serious effects on both health and the ecosystem, and thus were addressed by the recommendations; however, he noted that it is necessary to consider the pollutants from the ecosystem's angle for exploring

additional methods of addressing problems. He reminded the members that the Academy had presented the ecosystem effects as one of the big issues.

Mr. Bachmann also pointed out that the recommendations did not look at air quality from a global scale. He said the local level was covered very well by the recommendations, but that hotspots could require an entirely different type of approach. In talking about climate interaction with air quality, Mr. Bachmann added that "climate change agents" is a more appropriate term than "greenhouse gases" since there are non-gaseous pollutants that are affecting climate change.

Michael Bradley, MJ Bradley and Associates, commended Mr. Bachmann for the thorough overview of the NRC recommendations. He said that Phase I addressed many of the issues raised by NRC, and Phase II is looking at the long-term. Mr. Bradley clarified that the report did not completely trash SIPs, but that it highlighted the positive aspects and indicated that they could be transformed and enhanced. He explained that the report identified the significant advances made in reducing air pollution exposures and outlined additional progress that needs to be made. He pointed out that many achievements were the result of bold actions taken by states because they were in a situation where they had the necessity and the political willingness to do so. Mr. Bradley called attention to the importance of tapping into the innovations and evolution at the state level in order to advance at the national level.

Robert Wyman, Latham & Watkins, asked how the review of the recommendations could be formalized and be used as a guide for subsequent discussions. He asked whether there were any ideas on how to quantify and prioritize the review so that the problem, the strategy, and the effectiveness of the strategy could be assessed. Mr. Bachmann answered that the original presentation had some baselines that quantified the issues; however, he was not sure whether the quantifications could be used to the same extent for the purposes of this meeting. He agreed that such an exercise would be beneficial, and would be something to think about. He added that it would be important to have a checklist and that more specific examples would be crucial. He raised an example that the report stated that all sources regardless of size needed to be considered for PM. However, this would include cook stoves and fire places, which is most likely not the intent.

Vision and Principles - Debbie Stackhouse, EPA OAQPS

Ms. Stackhouse spoke on the Visions and Principles (see Problem Identification PowerPoint). She indicated that it is important to tie the recommendations back to the vision and principles, as well as to future problems. Ms. Stackhouse discussed the two teams that were organized based on a document prepared after the Ann Arbor meeting. She pointed out that full consensus was not reached by the subcommittee with regard to climate change, but work could still proceed.

Janet McCabe, Improving Kids Environment, commented that Phase II is more difficult than Phase I because a lot of the members are still recovering from the first phase, and it

is harder to think about large substantive changes than easy fixes. It is also unsettling to suggest any changes that would affect the CAA, even if they may be needed. She noted that there is a risk of losing positive points that exist when making big changes for improvement. She reported that the group has new people with new energy. Brock Nicholson, NC DAQ, agreed that SIPs have accomplished a lot. He acknowledged that radical changes that require CAA amendments may be something to fear, but he stated that members have a duty to adhere to their mission and to let the debate on the CAA take place in its proper place. He urged the members to not be timid in presenting solutions that could improve the program.

Mr. Brenner thanked the attendees. He stated that the attractiveness of Scenario 3 presented in the Air Quality Management Subcommittee Meeting notebook is that it allows for imagining solutions without restrictions. He stated that Scenarios 1 and 2 would enable improvement even if the CAA cannot be changed. Mr. Green reiterated that members put aside their stakeholder interests as much as possible, and think about solutions in the best interest for air quality.

Scenario Document – John Seitz, SNR

John Seitz, SNR, introduced his review of the scenarios, which he compiled based on group discussions that had taken place. He noted that although there are positive elements in the SIPs, there are aspects that inhibit progress. He explained that Scenario 1 applies Phase I recommendations to enhance SIPs, but other than that, proceeds as "business as usual." He indicated that his concern was that Scenario 1 would not allow for states to be innovative, as they have been successful in doing in the past. Scenario 2 looks at how to conduct air quality management planning: how to do it differently, continuously, and nationally. He indicated that creative tools that would provide areas with control while allowing industrial growth would be needed. An idea would be to add a growth margin within SIP instead of having offsets. He pointed out that some feedback he received included back-updates and TRI incentive programs. The issue would be to focus on problem areas with an AQM plan built from the state level, and figure out how to maintain the plan. He concluded that Scenario 2 and 3 are placeholders for creativity; Scenario 2 pushes the box and Scenario 3 requires statutory changes.

Ms. Weiss expressed that she understands the framework and the need for changes. However, she indicated that the way Scenario 1 is written, it sounds like little would change; it does not show the innovations that would be possible while being in line with the current CAA. She mentioned that this scenario would have been written differently if it were from her perspective. She then stated that Scenario 2 does not sound like a transitional approach. She pointed out that there is very little role for states described, and it would replace the SIP. She felt that this Scenario 2 should be presented as one of the options under Scenario 3, and a different transition piece should be created. She raised the fact that states have been laboratories of innovations, and therefore there needs to be a stronger role for states in Scenario 2. Finally, Ms. Weiss found Scenario 3 to be very open ended and noted that states would have anxiety over the continuous improvement program.

Stephen Hartsfield, National Tribal Air Association, expressed that he liked the inventory software idea, which tribes have been using as well. However, he found it offensive that tribes were grouped with states in the report.

John Bachmann indicated that although his overall impression of the 3 scenarios was similar to that of Ms. Weiss, he saw a huge role for states in Scenario 2, and noted that it depended on how the language is read. Mr. Seitz explained that he produced the report quickly, and apologized for skipping tribes. He stated that although it may have not come across as he had intended it to, the center point of Scenario 2 is the state planning process.

Mr. Brenner noted that the framework laid out by Mr. Seitz is useful. He agreed with Ms. Weiss that Scenario 1 should be described as an opportunity to make improvements. He emphasized that creativity is possible even with the current statute, and should not be overlooked since there is a good chance that the statute will not change. He stated that the state's role in the air quality management planning program is not clear cut, and that more discussion is necessary in the near future. He added that Scenario 3 provides people with a chance to think broadly without being constrained by current statutes, which would give insight into the first two options. Mr. Nicholson agreed.

Dan Johnson, WESTAR, recalled the discussion from which the concept of the 3 scenarios emerged, and stated that something was lost in translation. He claimed the intention for Scenario 3 was not to completely throw out the current system, but to create an opportunity to address what is not working. He noted that there has been a lot of progress in the non-attainment area, but less in other areas. He said it may be possible to have a basic RPL type concept thrown on top of Scenario 1. His understanding of Scenario 3 was that it would create a foundation for building improvements everywhere, but current approaches would not have to change if they are working.

Ms. McCabe pointed out that when there are 3 possible approaches, there is a tendency to think that only one will be chosen. She clarified that that is not the case; the purpose of the scenarios is to help organize concepts. Mr. Wyman asked that members develop the final product without considering whether it can be done under the current statute. He feared that if the dialogue is structured through the 3 scenarios, important discussions may be missed.

Team 1 Group 3 Discussion - Greg Dana, Alliance of Auto Motors and Michael Bradley, MJ Bradley & Associates

Mr. Bradley first noted that Lisa Gomez could not attend the meeting. He explained that 9 proposals were developed based on the subcommittee's suggestions to Lisa Gomez. He continued that Ms. Gomez saw gaps in expertise along the way and solicited DOT and DOE experts to join the discussions. Out of the 9 proposals, Mr. Bradley said that general consensus was reach on proposals 2 through 8 (see Team 1, Group 3 Proposals PowerPoint); proposal 1 and 9 need additional work. He introduced what his group now

calls the Dallas Agreement, which addresses where to draw the line with regards to climate change. At the Dallas meeting, he noted, it was proposed to back off from climate change in these proposals; however several group members were not willing to do that. He reported that the agreement is to address climate change issues in a manner short of advocating specific policies; data gathering and assessments is considered appropriate, but recommending policy is not.

Greg Dana, Alliance of Auto Motors, ran through the proposals (see Group 1, Team 3 Proposals). Mr. Dana commented on the proposals presented in the PowerPoint slides as follows:

- Proposal 2 – EPA's role should be to encourage locals and others to participate in AQM, not to mandate. EPA should address SIP issues.
- Proposal 3 – Bridges with Team 2.
- Proposal 4 – Goes back to the IRLG from 70s/80s. This is an example of how government agencies could work together on overarching issues.
- Proposal 5 – Replaces old proposal that emphasized behavioral change. Successful programs have been implemented in California.
- Proposal 6 – Honors the "Dallas Agreement."
- Proposal 7 – Examines feasible approaches.
- Proposal 8 – Communication is needed to overcome barriers. It will be valuable to look into EERE control measures currently under consideration; provide outreach for interface between CAIR, EERE, SIPs, and TIPs; and develop funding solicitation timelines and strategy.
- Proposal 1 – There are currently two competing proposals.
- Proposal 9 – Expands proposal 6 and calls for a quantification tool for assessments of greenhouse gas impacts on air quality management strategies and objectives. EPA should develop a template for GHG inventories.

Mr. Dana raised the question as to whether Group 3 should reach consensus on everything. He also brought to everyone's attention that his industry has instructed him to object discussion of climate change in the context of CAAAC's activities because of his participation in the group. This affects proposals 1, 4, 6 (6 will be eliminated), and 9 (will be 8).

Mr. Bachmann asked for a clarification of the energy impact analysis as opposed to the regulatory impact analysis. He was not sure if that meant an analysis of a system or of an individual air quality management plan would be required, and if every state SIP analogue would have to undergo a federal analysis of energy implications. Mr. Bradley replied that the intent was for states to be cognoscente of implications as they develop their SIPs, but would not require additional work from EPA and would not create a new burden. His sense is that states would take a look at the implications as they develop the SIP, then federal rule making would go through the same assessment and be subject to OMB review. It would not be more burdensome than the CAIRE example.

Mr. Bachmann then noted that he finds that there are two ends to the climate issue: 1) what can be done to proactively integrate controls for climate and air quality; 2) what can

be done to anticipate and react to estimates of what climate change may do to air quality. He asked if one is more of an issue than the other since it seemed like one of the recommendations was all about looking forward and trying to estimate and account for what it might do, as opposed to controlling greenhouse gas emissions.

Mr. Bradley answered that the NRC report highlights the need to gain a better understanding of the implications of climate change on meeting clean air challenges in the future, essentially asking EPA to undertake a comprehensive analysis. However, integrating air quality strategies with climate response strategy because the responsibility of the states. Mr. Brenner expressed his hope to build a foundation that integrates air quality strategies and climate change strategies.

Jonathan Averback, EPA OGC, asked how Proposal 1A differs from NEPA requirements, and whether SIPs are going to go through a NEPA type assessment. Mr. Dana replied that it would be similar, but more comprehensive. Don Clay, Koch Industries, indicated that if Ms. Gomez were present, she would say that it is an expansion of a number of issues that would be looked at, but not necessarily the number of rules that would be looked at. He emphasized that people should be able to rely on existing policy as much as possible so that wheels are not reinvented.

Mr. Brenner stated that minority perspectives should be included in reports along with the reasons so that candid views can be presented.

Jeff Underhill, New Hampshire DES, noted that regional EPA uses words such as "encourage" and "incentive" frequently. From the state perspective, it becomes an issue of funding. He noted that it may be worthwhile to have a general discussion at some point as on incentives. Mr. Dana replied that incentives are not always monetary, and that creativity is important. For example, the availability of the HOV lane to single-persons increased hybrid car sales in Virginia. Gregg Cooke, Guida, Slavich, and Flores, noted that there is a segment on various incentives in the Team 2 discussion.

Issue Group 1: Problem Definition – Janet McCabe, Improving Kids Environment

Janet McCabe noted the importance for a system to be designed in a way that people know the right issues are being tacked and is able to accommodate changes in priorities and information. Ms. McCabe went through the recommendations (see Issue Group1: Problem Definition PowerPoint).

Recommendation 1

1.2
With regard to recommendation 1.2, Ms. McCabe acknowledged that the ecosystem is not emphasized enough. She added that EPA, CDC, state, and local agencies should be identifying research project opportunities in a way that is coordinated.

Ms. McCabe noted that a barrier exists in acquiring air quality data because there is reluctance to installing new monitors for criteria pollutants that usually result the non-attainment classification of states. A recommendation is to devise a way to set up monitors that would not be used to categorize. Information gathered could still be used and be made available, but the disincentive for states could be removed. Barbara Driscoll, EPA OAQPS, added that it is difficult to get industries to test and improve new technology for the same reason: they are worried about enforcements.

John Hornback, Metro 4-SESARM, stated that he is working on a similar issue that needs to be merged with this one. He agreed that more information, opportunities to increase understanding, and new technology testing is needed to find easy-to-maintain, accurate systems. He suggested that his group collaborate with Mr. Nicholson's paper so that efforts could be focused.

Mr. Bachmann noted that this issue existed in the mid 90s as well. There was difficulty in installing monitors that fit regulatory standards, so monitors that did not meet federal regulatory requirements were put out. Nevertheless, he noted that great data on composition of particles, precursors to ozone, and other information were obtained.

Lydia Wegman, OAQPS, noted that they created the category of special purpose monitors to enable the short term monitoring because the non-attainment label cannot be issued with only 2 years of data. Dan Johnson, WESTAR, added that critical loads should be examined for ecosystem effects.

Mr. Underhill agreed that it is necessary to be cognoscente of what monitors represent, especially when they are special purpose monitors. Because the budget continues to decrease while needs increase, it may be necessary to cut some existing monitoring if they would be more valuable elsewhere.

Ms. McCabe wondered if this recommendation needs to propose that EPA set up a task force or workgroup that will work with stakeholders/state representatives to explore nontraditional monitoring. The group could then come up with specific recommendations. She feared that otherwise the discussions would remain vague.

Ms. Driscoll addressed recommendation 1.2.3, which explores integrating satellites with models. This recommendation is geared towards the future, however, Mr. Bachmann clarified that work with NASA and other organizations has already been initiated.

1.3

Ms. McCabe pointed out that recommendation 1.3.3 is less cut and dry. Better emission inventories on toxics are important, but she predicted that some states would need help, perhaps through a federal mandate. Mr. Hornback brought up an Inspector General report that indicated emission factors could only be used for inventory development, and not for permitting. Mr. Hornback believed both are necessary. Mr. Brenner explained since budgets have been tight, work has been limited in that area. He said that IG was

pointing out that at some point, additional work needs to be done. Emission factors are important to inventories, but also for deciding permits.

Mr. Wyman expressed that he is worried that continuous emission monitors would not make sense as work moves from the larger combustion oriented sources, like power plants, to more area sources such as VOC sources, solvents, and coatings. He foresaw either having technical issues, or having to pay an expensive price for the level of regulation anticipated. He said his understanding from California was that with more data and emission factors, there was a strong movement towards alternatives, CEMS alternatives.

Ms. McCabe acknowledged that she could see how that last sentence could be read that way; however, she pointed out that the first sentence indicates that they want to maximize the use of CEMS when appropriate. She said she would look at the IG report and suggested that perhaps they could add a sentence on developing emissions technology that is more suitable towards smaller area sources.

Ms. Weiss asked for clarification on "emphasizing the use of air quality models" in number 4. She asked whether that implies that models are better tools than looking at real data. Ms. Driscoll replied that the endpoint is to encourage the use of models to evaluate the current status. She said models are usually used for future predictions, but the users do not necessarily come back and close that loop and use it to measure their accountability.

Erika Sasser, EPA OAQPS, added that this recommendation is paired with later recommendations that embed mechanisms for evaluating results in rules and programs in order to check how well the models performed once results are obtained. She noted that the language may need to be reworded.

Lynn Terry, CA Air Resources Board, asked if they were talking about modeling related to a particular source or to a region. She said her group looks at retrospective regional modeling at the urging of some stakeholders. Ms. Sasser replied that both types of modeling are considered.

Bob Avant, Texas Department of Agriculture, reminded everyone that there was a strong recommendation in Phase I about making sure emission factors are correct and adequate, since there have been occasions where emission factors are off by an order of magnitude. Knowing that adequately calibrated emissions factors are used for the permitting process is a big issue in the agriculture sector. Ms. Driscoll replied that discussions are taking place. Ms. McCabe asked whether it would make sense to include certain Phase I statements in Phase II. Mr. Green thought that would be a good idea.

Ms. Sasser noted that Issue Group 1 has had to throw out a lot of ideas because of overlaps with Group 2 and with Phase I. She said their next step is to step back from this list and identify priorities and what is feasible under resource constraints. She invited participation from the attendees.

Mr. Underhill suggested that some language on CEMS or alternative continuous emissions estimation technique be added since a continuous flow of data would be essential. Ms. Terry pointed out that the item in the inventory improvement piece does not come out strongly enough. Although there are different inventory priories within country, a focal point would be critical.

Ms. McCabe underlined the importance of finding a way to efficiently obtain research studies and share information. She asked if there is a way for states to streamline data sharing. She reiterated that comments and help from other CAAAC members would be much appreciated. Mr. Bachmann made an observation that emissions inventories issue has been brought up in the past. He noted that the question is, rather than reinventing the wheel, to call attention to specific topics.

Mr. Seitz highlighted the question of how to use the necessities identified under Phase I for problem identification. He raised the questions on 1) how to identify problems in the future, 2) if a program takes a while to implement, how to incorporate present and future problems, 3) whether there is agreement on the problems that the group wants to attack with the currently available systems and tools. Ms. Terry asked about the mechanism (inventories and monitoring) and the process change that would implement these priorities. She noted that resource issues would come into play.

1.4

Ms. McCabe transferred the discussion to recommendation 1.4, which does not overlap with Phase I. She mentioned that there is not much effort for gathering impact data. This section needs to use more inventory and monitoring information, as it is a focal part in deciding priorities and making connections between environmental information and health and ecosystem information. She explained that these recommendations need to be more specific, but they make sure the two sides are communicating. She suggested having a regular event that would spur people to do research and identify problems for discussion from the environmental, health, and ecosystem sides so that connections could be made. She noted that while some states have good coordination, others do not. She added that health agencies and natural resources agencies should get involved with SIPs or air quality management plan developments for better integration as well. Mr. Avant clarified that this recommendation is C in the book. Mr. Hartsfield emphasized that data collection and meetings are important to tribes.

Ms. McCabe acknowledged that it was an oversight that tribes were not included. She continued to describe that policy makers in Indiana want to see data on Indiana kids, not kids from other states. Based on this example, she reiterated the need for further discussions so that there isn't a need for a separate study in each city.
Mr. Bachmann suggested parallel recommendations for the ecosystem side as well.

Ms. Terry cautioned that language selection needs to be done carefully when directly linking air quality to public health. She described that the California Air Resources Board's website presents neighborhood emissions levels for the public and provides links

to the department of health services database in another part of the website. People can understand emissions in their community and independently understand their health status statistics, but the website does not directly make links. Mr. Bachmann agreed that although the public would not be able to make the same linkages the epidemiologists do, it could cause a lot of phone calls. Tony DeLucia, James H. Quillen College of Medicine, mentioned that broadening the scope by inviting a diverse set of experts has been important, including agencies, foundations, NGOs, and the medical and public health community.

1.5

Ms. McCabe explained the recommendation 1.5 addresses the fact that there is often a lack of understanding of pollution control costs. It is important to look at cost information prospectively as well as retrospectively in order to make policy making easier. Mr. Nicholson agreed and noted that people sometimes do not understand costs since they are a bit abstract. It is necessary to relate the numbers back to industry, business, state and local governments, and to how these sectors may suffer the costs. He said this would be more meaningful than abstract numbers of cost to society. Ms. McCabe added that part of the recommendation would be to find ways get cost information that would cause less cynicism. She asked about ways to collect non-biased information so that it would be received as trustworthy instead of as advocacy.

Mr. Brenner said that they have looked at the typical cost and benefit ranges per ton removed for a particular pollutant. He said this is a good indication of whether a particular measure is worthwhile or not from a benefit-cost perspective. Mr. Avant agreed that a per unit cost impact analysis would be more valuable to cities for controls and tax incentives. Mr. Bachmann said he saw this recommendation as a way to practice accountability. Mr. Brenner added that they are doing some work to set up a retrospective assessment of NAAQS standards for the future. Mr. Cooke reminded the attendees that there is some cynicism about health care costs. There needs to be a way to better analyze soft costs, such as missed work days, in addition to hard costs.

Mr. Hartsfield asked if recommendation 1.5.3 is similar to the ControlNet software. Ms. Sasser replied that it is a much improved air control net.

Mr. Hartsfield asked if multiple pollutants would be considered for health risks. He raised the example that even if both mercury and lead are below the threshold in a person, when combined, they could have serious health effects. He also asked what level of health effects would be considered for evaluating the costs. He noted that there is a wide range from attention deficit syndrome to birth defects.

Ms. Sasser stated that cost distribution, which is linked to Team 2, could provide valuable insight. The cost of an individual rule, program, or approach could provide a sense of what is working. Questions such as “are costs declining over time?” and “is there rapid growth in industries that produce pollution control technology?” are important questions.

Bill Harnett, EPA, noted that he did not think past regulations necessarily had wrong estimates. There is frequently an added incentive to minimize costs once a regulation is set, thus deviating from estimates. This does not mean that the original estimates were wrong since the alternative strategy may not have existed at the time the regulation was written. He cautioned that drawing conclusions from these data could be dangerous. Considering the workload and resources that would be required, he is not sure if conducting cost estimates of ever changing costs is a worthwhile investment.

Mr. Nicholson indicated that he found basic cost information, especially of health and ecosystem benefits, would be valuable for supporting emerging programs. Mr. Harnett warned that because hospital liability costs and other expenses are going up, an increase in costs does not correlate with an increase in benefits. Ms. Terry noted that costs of air pollution need to be examined. She added that for the most part, compliance has been less expensive than anticipated.

Mr. Brenner noted that tools such as BenMap could be helpful. Ms. Sasser added that this tool combines multiple components, and each model is only as good as the data available. She said that they are looking at individual problems and overall improvements that are necessary.

Recommendation 2

2.1
Ms. McCabe said that recommendation 2 is about improving the process for setting priorities. She said there are already things in the Clean Air Act that are intended to do this, but she was presenting something streamlined from the language in the recommendations. In particular, she said 2.1 is shorthand because the recommendation is more specific to states doing a comprehensive air quality plan as opposed to a SIP approach driven by NAAQS. This would allow the state to look at all the pollutants and integrate available information on particular health issues for a more comprehensive plan. In addition, states, tribes, local agencies, and regional offices, which she saw as being close partners with their state, would be able to set priorities and have a conversation in a public way about the most critical things to work on. She said this should also involve the health and natural resource agencies.

2.2
Ms. McCabe said recommendation 2.2 points out and helps people understand that there are connections and the importance of dialogue.

2.3
Ms. McCabe explained that recommendation 2.3 is both vague and difficult. She said that seeking new incentives and hammers to encourage the realignment of regulatory priorities and implementation efforts is not enough. She asked what they would do if suddenly there was an indication that some subset of a particulate was being overlooked.

A committee member said his main concern was that this takes years to turn around.

Ms. McCabe said that she is open to specific suggestions. She noted that if they are moving towards a system that does not use litigation as much, then delays could perhaps be avoided. She said another issue is the time needed to get monitors out there and that there are other barriers in the current system. People already have deadlines; new deadlines and other direction need to come from EPA.

Mr. Hornback said that he thinks the issue is 1) the period of time they are using for revisiting standards and 2) the problematic competition between multiple non-cohesive schedules of pollutant SIP implementations. He thinks the only way to solve this is to extend the period to deal with realities. He said they also need to avoid several implementation requirements competing for all the resources.

Ms. McCabe said there is a recommendation on a NAAQS review process and she thinks the 5 year period for a comprehensive state air quality plan responds to that.

Lydia Wegman, EPA OAQPS, said there is a tension between the desire to respond quickly to health problems and to stretch out the time for complying with standards as they are set. She said it might go back to the SIP process. She also said it is hard to think about whether they need another way to respond.

Mr. Nicholson said he might have a partial suggestion for getting over the gap between standards. He feels that that the current max system is fundamentally sound and should not be changed. He was wondering, however, if recommendation 2.3 is intended to include a suggestion to EPA that they seek a higher priority in the air program relative to other programs given the exposure and risk.

Ms. Sasser pointed out that the recommendation in the book is phrased as a question. She said her group talked about different mechanisms and discussed which were most effective: incentives or traditional command and control approaches. Ms. Sasser next asked the group what approach would be meaningful for achieving their goals.

Mr. Nicholson said his point was more specific to resources.

Lynn Terry, CA Air Resources Board, said how quickly they can move depends on resources and political will. She said EPA can help with the resources in terms of the highest priorities from a scientific standpoint. She thinks the resources exist to define the problems in all states and then it becomes the political will to act quickly. She said beyond that, nothing impeding the states from moving ahead, solving the problems, and taking early actions to deal with a new tightened standard. She thinks they really need to be up-front about the fact that states have the responsibility in conjunction with local agencies to move on public health issues; they should not be off the hook because EPA has a process that takes a while. She said it is important not to slow down the advancement of health science and reviews of the standard because a delay would get in the way of implementation. She really thinks the role of health agencies is to make sure

information is up to date and get the word out, which helps spur the movement and the political will to take action.

2.4

Bob Wyman, Latham & Watkins, responded to Ms. Sasser's question about incentive-based versus regulation-based tools. Mr. Wyman said one of the problems he has observed about traditional regulation is that it sometimes addresses a particular public health and air quality objective while ignoring a lot of others. He then provided an example about CTGs. He thinks there might be some control scenarios that are less energy efficient than others and there are two options. The first option is the incentive approach where there are multiple objectives, which industry can optimize. He thinks this works pretty well. The second option is regulation. If regulation is not chosen, the alternative approach needs to be clear. There has to be an approach, other than the state variance process that creates SIP gaps, if unintended consequences result because an industry is only willing to do so much. He said he does not know what the right answer is, but there has to be a mechanism if the regulatory approach is taken away.

Ms. Terry said Mr. Wyman provided a good tradeoff example and she thinks they are going to face this more and more. She gave a quick example about their particulate retrofit devices at their last board meeting. She said they had to loosen up the NO_2 emissions which slightly increased ozone exposure because of the huge benefit from particulate pollution. Although agencies historically have been very uncomfortable about this, she thinks it is time to lay these tradeoffs out there for the public.

Ms. McCabe said that EPA is looking more at impacts on other pollutants when developing regulations, but there could be a greater expectation of a more comprehensive analysis. Ms. McCabe said she was hearing two points. The first point, if possible, was to make the right decision in the first place. The second point was that they cannot predict what will happen even if they think they have made the right decision; therefore they need a reasonable way to confront and acknowledge these situations.

Mr. Avant said that if they try to regulate air quality while ignoring other regulatory programs, they are essentially regulating in a vacuum. He said he thought it was important to look at the integrated regulation approaches to make sure problems are not caused by crossovers.

Mr. Bachman said the first recommendation and many of the others work well at a hotspot scale and local scale, but it is not clear how they are going to work with sequencing and coordinating if there is a priority regional problem to solve. He said having to coordinate this "multi thing" with several states is going to be a challenge. He asked how to do this and work out regional problems at the same time.

Recommendation 3

Ms. McCabe began the discussion of recommendation 3 by saying the recommendation was about improving accountability and making sure that they are checking to see how they are doing. She found this hard in Phase I and finds it difficult now.

3.1.
Ms. McCabe said she did not know the results of the internal process that they were doing so she hesitated to talk a lot about it.

3.2
Ms. McCabe stated that this recommendation was a little obvious, but vague. She said the committee needs to do better emissions data collection and needs to do a better job overseeing what regulations are put in place. She also thinks they need to do a better job monitoring data and trying to match those up. She said this brings together a lot of the topics brought up in the issue paper about having good data to check themselves to see if they are doing the right things.

Mr. Hornback brought up the issue of identifying trends. To his knowledge he has never seen, even for priority sectors or committers of priority pollutants, a compliance rate for sources that are contributing to problems or improving air quality. He said he was not sure how to do this, but he thought that knowing what they are doing was an important management tool.

Ms. McCabe said one exception has been acid rain because it is possible to test for progress. She said continuous emissions monitoring systems (CEMS) also indicate if emissions are decreasing.

Mr. Seitz referred to Ms. McCabe's comment on a program that used to require states to check compliance rates of the industry sector. He did not know if it was still in place, but said they may want to look at that before they say nothing exists.

Ms. Terry said that enforcement and ambient monitoring is a two word answer and a lot of resources have been put into compliance.

Ms. McCabe added that it was difficult for states to get a handle on compliance rates with limited resources.

Dan Johnson, WESTAR, said the committee needs to make sure there is a commitment once sectors of concern are identified.

Air Quality Planning Process: Team 1, Group 2 – Brock Nicholson, NC DAQ

Mr. Nicholson began his presentation by saying that he had envisioned a packaged approach on some of the items (see Air Quality Planning Process: Team 1, Group 2 PowerPoint). He also said that the group had focused on and were in general agreement at the Dallas meeting over the particular concept of reasonable performance level application for technology. He said, however, that there is still a significant question to

be addressed up front: what kind of driving force might be necessary for stakeholders to buy into reasonable performance level.

Mr. Nicholson next introduced all the overarching concepts including the important issue of creating an air quality management plan (AQMP). He said the group thinks they should move away from a surgical SIP for a particular area triggered by non-attainment to a recurring, systematic process for a statewide plan. This covers all areas of the state where there is non-attainment for NAAQS, and all pollutants in a state on a reoccurring basis. He said they have not really talked about a frequency, but it needs to be sufficiently spread out to allow for a comprehensive job at the time that it is done and so that agencies are run down.

The next concept Mr. Nicholson introduced was establishing a reasonable performance level for all types of sources. He said this probably would require change in the Clean Air Act, but there may be ways to see how this concept could be integrated into a scenario. He asked the group not be so concerned with force fitting it into a particular scenario. He thought they should look at its merits first and then decide how to handle it. He said the group does not have a preconceived notion of a limited set of sources, but there probably are cut offs and special cases.

Mr. Nicholson said an additional key part, going along with reasonable performance level, is a system for continuous improvement for "all types of sources." He said it might offset some level of control for existing sources, for example, that might be viewed by some as not at the desirable level yet, but overtime there will be continuing improvement.

The next overarching concept Mr. Nicholson introduced was determining meaningful boundaries. He said he believed there were a lot of options and the idea of defining an area in violation of a standard and where there are health issues is coming to surface; however, he said one must look at a broader area of the strategy application as well.

The fifth overarching concept Mr. Nicholson identified was the optimum use of monitoring and modeling. He said that there is a large role for modeling in the air quality management plans for EPA and regional organizations.

The last overarching concept that Mr. Nicholson discussed was improving local air quality planning. He said he thought that the early action comeback (EAC) has demonstrated that it is a resource that needs to be relied upon to a greater extent. Local elected officials, business community, and industry are valuable resources. He said now that they are educated on the issues and have taken ownership they have a lot to contribute.

Mr. Nicholson next reviewed these overarching concepts in more detail. He said that "all" pollution sources would be required to have controls that meet reasonable performance level requirements. Cutoffs and thresholds also must be considered and they must be flexible. Mr. Nicholson provided an example where Congress mandates all new sources to meet a 90% or 95% control, versus if sources were uncontrolled and all

existing sources had to meet an 85% or 95% control within a certain number of years. Mr. Nicholson said this might be one end of the spectrum where there is a broad general requirement; however, he said there could be exceptions to the rules. He also mentioned that they have not decided how to define the reasonable performance level. He offered, however, that it probably should not follow the old example of setting maximum or other standard categories. The second point he raised was how frequently these standards should be reviewed. He said in concept, RPLs would constitute a minimum set of performance standards nationwide, providing a foundation for additional controls, if needed, to address area-specific air quality issues. He said RPLs would help smooth over the gap between standards. One point he emphasized was that he was talking about all source types and categories conceptually. Also under this reasonable performance level, he said, was the possibility of seasonal or intermittent controls. He said with intermittent controls, one might argue that more could be done in a short term basis than continuous controls at the source. He then highlighted the attributes to reasonable performance level which include: it addresses all pollutants on a multi-pollutant basis, eliminates grandfathering partially or totally, and provides a process for achieving gradual improvement in air quality nationwide.

Next, Mr. Nicholson said that there are multiple variables to consider for continuous improvement. He noted he was using all sources mainly to suggest that there was not a preconceived notion of limits, but there was a need to consider size, type, and situations where there may be a cutoff. Mr. Nicholson said that continuous improvement could be a feature of an overall reasonable performance level. Examples included cap and trade programs with continuously declining cap, emission fee system, emission standards with improvement glide-slope, ambient air quality standards with improvement glide-slope, and voluntary improvement programs (such as labeling, state/tribe regulatory improvement system, reasonable performance levels, and industry average performance levels). Mr. Nicholson said the incentive based programs are most advantageous. The benefits of continuous improvement are that it promotes improved air quality, promotes technology innovation, and is a counterbalance to modeling/strategy uncertainties.

Mr. Nicholson addressed the multi-pollutant planning approach by saying that the approach only made sense while carrying the concept of a statewide air quality management plan. Mr. Nicholson said one of the AQMP features under the second option was that the restructuring of the NAAQS development was not required. He said this restructuring, however, must establish process and timing for integrating new NAAQS into AQMP. He noted that the NAAQS could be contained within this planning period. The trade off, he said, was that it needs to be responsive to the needs of planning for public health protection.

Mr. Nicholson raised the topic of determining meaningful boundaries. Options evaluated included: status quo – non-attainment areas, state and RPO boundaries, elimination of boundaries, regional air sheds, and areas of influence / areas of violation. The regional airsheds recommendations included: the need to be developed based on science, but to recognize political boundaries, RPO structure could bring the airsheds together, cover multiple pollutants, regional modeling, monitoring should be incorporated, and local,

regional, super-regional and national pollution controls may still be controls may still be considered in the air quality planning process.

Mr. Nicholson next reviewed the different roles of monitoring and modeling, which include the continuing improvements in air quality that require the blended program of regulation, assessment, implementation and measurements. He added that the combination of technology-based controls, monitoring, and modeling should continue with feedback in order to achieve constant improvements in the system, technology, and data outputs. Included under this monitoring and modeling role are modeling systems developed with multipollutant capability. Networks should evolve to address collocated multiple pollutants, and expand to cover gaps in rural and background locations. Furthermore, regional and urban analyses should be coordinated with larger scale intercontinental assessments to provide appropriate boundary conditions. Mr. Nicholson said issue group 1 might want discuss these points.

Mr. Nicholson's last slide was about improving local air quality planning. He said this taps little into used resources of local elected officials and the business community that have an economic interest in good air quality. He said they have seen this in the early action compact effort. He thought having those individuals take ownership in the problem and realize their ability to attract economic development at the local level gives them a lot of incentive to keep their area in attainment. In addition, it buys political support both at the local and state level. He said there is also a desirable objective to integrate air quality planning into their land use, roadway, and community development plans. He questioned whether this was a mandated requirement or whether it was obtained through education and communication between the state and locals. He thinks there would be better results if they believed it is naturally in their interest. He said he thinks it should be an objective to see how this could be accomplished. Mr. Nicholson then spoke on how improved local air quality planning would provide for a complete regulatory planning structure (geographically building up from communities, to airsheds, to state/tribal AQMPs and in an aggregate multi-state AQMP). He pointed out that there are measures that are easier at the local level than at the state level. Improving local air quality planning requires extensive and continuous outreach and education. In some cases a driver is necessary, such as the early action compacts when there is a desire not to not have a designation become effective officially. Mr. Nicholson next addressed the last objective under improving local air quality planning, which was test piloting new regulatory structures in several locations, and possibly testing different approaches based on the severity of air quality problems.

Mr. Nicholson ended his presentation and a question and answer period followed.

Question and Answer Period

Mr. Seitz began the discussion by saying that although these were bends of scenario 3, he thought there were some elements of each that could be teased out and could be included in scenario 1 or 2. He said if it were the traditional process and EPA was able to change

that 3% over voluntary measures and increase it to 25% or 30%, a lot of local based programs could be included in a program by the state.

Mr. Hornback next made a clarifying point on the CEMS. He said several comments have been made about the complexity of CEMS and the costs of CEMS. He said he heard a comment a few years ago that said "the more you control by parametric monitoring, the more you're delving into the heart and soul of the operation of businesses," which is undesirable. He said if reliable, cost effective monitoring is possible, it is ideal to allow flexibility as long as emissions are under the levels. He said everyone is better off with less parametrics.

Mr. Nicholson responded by saying he thought they should have an open mind when thinking about the alternatives to direct CEMS application, but he thought it was a good point.

Tony Delucia, James H. Quillen College of Medicine, ETSU, said they talked about improving local air quality planning and Mr. Nicholson said this should be based on severity of air quality problems. Mr. Delucia noted that he could see an enlightened approach where sometimes there is the political will to value clean air to the ultimate. He said there should be some pilot tests to see where things work advantageously.

Mr. Nicholson responded that the idea was certainly in there. He suggested that authors of the individual papers speak up if he misspoke or did not include something.

Mr. Seitz agreed that valuable pilots were possible for an area that just wants to value clean air improvement; however, he felt it would be better to test a system with more complex issues.

The question and answer period ended and was followed by a discussion.

Discussion

Steven Hartsfield, National Tribal Air Association, asked for a clarification on localized issues not coming on the radar because of a lack of resources. He brought up the issue of residential wood smoke being a big issue with tribes. He said no state or federal agency really recognizes that states and tribes really have this problem. He asked how to overcome this prioritizing hurdle when funding is not available and a basis to demonstrate the issue is not possible.

Mr. Nicholson responded by saying that if there is a measure of exceedance in the area, then the question of what is contributing to the exceedance needs to be asked. He thinks it could come up in the context of a local initiative and does not necessarily have to relate to a broader national prospective. He noted that there are initiatives such as the change out program and added that maybe there should be some thought as to how to get better participation in such a program.

Mr. Hartsfield said that his organization cannot demonstrate that there is a problem, which they already know exists, because their equipment has been shut down. He believes there are some rural communities that are dealing with the same situation. This is a hurdle for which he would love to see a solution. He asked how localized areas could get recognition and get these studies and programs started up.

Mr. Avant said he had a question on glide-slope. He said he felt like it could be a crash and burn; gentle landings are obviously better. With regard to the goal of zero anthropogenic emissions that is mentioned later in the document, he asked how far continuous improvement can go before improvement is no longer possible.

Mr. Nicholson said this was a question that needs to be answered, but did not have an answer to it right now.

Jeff Underhill, New Hampshire Department of Environmental Services, said the zero anthropogenic emission is really just the outgrowth of the regional haze program. He said the overall goal is to eliminate anthropogenic emissions, but determining this is another process.

A committee member said that this is his major concern because it is not possible to just glide to zero. He said there needs to be a reasonable foundation for American industry and the larger sector, and that setting a line will be critical.

Mr. Nicholson brought up the issue of a mandatory versus an economic incentive based glide slope. He said the issue group had also entertained the notion of economic incentives which might have a self regulating type feature based on economics. He said it does not have to be a regulatory fixed glide slope that runs until it hits zero.

Mr. Brenner said it sounds like the challenge is that the group has developed some conceptual approaches and the members of the committee are reluctant to sign onto anything before they know the details. He said on the other hand, Mr. Nicholson is trying to put out some general concepts and see what concepts have some appeal.

A participant returned to the land use issue. He said Mr. Nicholson's slide mentioned that it was desirable to integrate air quality into local land use and transportation planning. He said local and regional governments do not necessarily have the tools or data to understand the benefits of programs such as Smart Growth and land use policies or the risks of business-as-usual development. Thus there needs to be some federal support for the tools, data, and modeling. In his workgroup, they aired on the side of measures that were easy to do and less controversial, but there were ideas requiring alternative scenario analysis in the transportation planning process. He said there are situations where local governments are not looking at cost effective options because some processes do not require them to look at alternative land use scenarios; states frequently do not have the resources to conduct additional evaluations. There are cost effective options if they do long term planning. He cautioned that this idea is critical for meeting long term air quality goals.

Mr. Wyman said that many of the issues raised (e.g., how to fit certain tools to outstanding problem areas) would be discussed in the tools session. Mr. Wyman next commented on the concept of reasonable performance level. He said it was helpful to see that the thinking is still broad because the scenario document left him with the impression that it was about major stationary source strategies, and he was not sure what problem they were trying to solve. He asked if there really were that many stationary sources that are unregulated or under regulated, and if it was cost beneficial if they are in attainment areas. He said he understands that the focus is not necessarily on major stationary sources, but he wondered if fleet turnover issues are to be addressed, whether the challenge would be setting standards or providing economic incentives. He is not sure it warrants EPA setting regional performance standards for existing engines and fuels. He could understand the standards for area sources and not mobile source fleets; however, if EPA is setting standards for dry cleaners and bakeries he thinks it would be helpful to better define the targets. He said when he better understands what problem they are trying to solve and what sources they are tackling, he will have a better idea of what he supports. He also said consumer products are a difficult area. He is not sure how this concept advances the ball on existing problems.

Mr. Wyman next commented on reasonable performance level. He said he felt a safe harbor or repose period was very important, particularly for continuous improvement. He said if the controls are capital intensive, a period of repose is needed and is important, and may not be short. He next asked if they will get rid of new source review, at least for modified sources, if they get rid of grandfathering.

Mr. Nicholson answered that there may be a strong argument to make simplifications. He suggested perhaps an offset versus a control side.

Mr. Wyman responded that they are out of offsets on the south coast. He said there is no stationary source growth in that area and a zero pound threshold for significance, which is currently a major problem for them.

Mr. Nicholson interjected by saying that one consideration is to use an RPL approach, which might allow for building a growth bank in the area as opposed to using offsets.

Mr. Wyman said that if this concept is going to work in other parts of the country, but not Southern California, this tradeoff needs to be discussed. If grandfathering is really the problem that this is addressing, than Mr. Wyman suggested getting rid of the parts of new source review that are designed to get at grandfathering, which may result in a political deal.

Mr. Wyman next shared a general preference for TRI type programs. He expressed his concern that if average performance levels are used for industries, it is difficult to find a homogenous industry. He thinks this problem can be avoided if a TRI approach is used, but an incentive still needs to be created. Mr. Wyman said he is very much in favor of information systems that are publicly transparent and bite size so people can make

comparisons; however, he cautioned that moving under a new regulation could potentially result in new problems in making cross product, cross facility, cross industry comparisons.

Mr. Wyman shifted the continuous improvement topic from stationary sources to motor vehicle fleets. He recalled that there was a proposal back in the early 90s that dealt with existing motor vehicle fleets through a cap and trade system in California (specifically, a VOC reclaim program). They said the car manufacturers would take responsibility for the existing fleet emissions and would use table values to track progress so the burden would not be on individual drivers. Ultimately there was too much pushback to proceed with this approach. His point was that there is a time for those ideas and there is a time when ideas are not going to work; if robust technology is adopted for a specific program, it is hard to go back and ask for accountability for the declining cap. He said he thinks there should be specific discussions (e.g., target population).

Mr. Bachmann reported that he had the opportunity to meet with the mayors in all the counties of east Tennessee. He said they had already come up with one of these examples, and had asked him what other places like them were doing; Mr. Bachmann noted that he did not know many examples. He thinks it would be valuable to catalogue successes and attempts so people can have models. Mr. Nicholson said enthusiasm in his state is amazing as well.

Mr. Bachmann said the more the group can pull it together, explore, and understand, the better everyone is. Mr. Bachman next said he was struck by the group's attempt to take on the issue of scale. He asked if it is possible to apply some of these one size fits all concepts to places that need it more. He said he has a hard time seeing how this first recommendation for this giant multipollutant air quality plan interfaces with other concepts unless they are meant to be national and uniform, in which case they run into some of the problems that Mr. Wyman was talking about.

Mr. Johnson next stated that zero was not the goal for the RPL concept. He said he could imagine that if this was done every five or ten years, all practical solutions would run out. He said this is different than the continuous improvement concept. Mr. Johnson thought asking the question about what they are trying to solve is the wrong way to look at it. He thinks that if the group is thinking about linking the problem with the notion of RPL, they are missing the notion of RPL. If there is a problem, he does not think RPLs are enough. Conceptually, he said it is as if there is a right to pollute, and from this point forward that right is predicated on the implementation of a RPL. His last point was that the RPL acronym should not be confused with an emission level since it could be a variety of things. He said it is meant to change the paradigm from regulatory agencies in an attainment context.

Mr. Hornback next provided a water analogy. He said a 500 gallon/day waste water discharge into the Mississippi River requires secondary treatment. He pointed out that they do not wait until the Mississippi is impaired to require a control and forbid dumping of waste without installing protections. He said that in the program presented, they wait

until the air is polluted and then do something about it. He said there has been a fundamental avoidance of this issue for much too long. He said some people need to return to attainment in there local areas; some people are impacted by transportation of pollutants from other areas and need assistance; some people are trying to avoid going into non attainment; and some people are trying to grow an emissions buffer for future economic growth, etc. He next went back to the basic premise that there should be a minimum level of control in the air program just as there is in other media.

Greg Dana, Alliance of Auto Motors, stated that there needs to be a minimum level of control that is reasonable for whatever source there is. He agreed with the ideas about continuous improvement. He believes that continuous improvement might not be viable, but he said perhaps there could be certain processes where a review is done on certain technologies and developments and decisions are then made based on what is happening.

Bill Harnett, EPA, first said that he supports the concept of a state looking at its whole area and planning for everything together. Secondly, he said one thing that he sees hindering continuous improvement is that the population of the United States is growing and becoming increasingly urban. Thus the increase in industrial that results puts pressures on emissions in these areas. More centrally located areas make sense for Smart Growth, for example; the group needs to be realistic about how much can be accomplished in these areas. Otherwise, this might push to sprawl, which is what needs to be prevented. He therefore applauded the group's goals, but questioned how they match other goals. He said he wants to make sure they are not trying to accomplish too much that are in conflict with each other.

Mr. Seitz confirmed that these pieces cannot be taken in isolation. All the pieces work together to create a whole. He said the basic concept is to allow industry to grow and to manage it in a way that makes sense. He thinks voluntary or public disclosure would do a lot of good for the continuous improvement. Going back to the AQMP process, Mr. Seitz felt there may be larger areas beyond the boundaries of non-attainment areas that really get into land use and growth in an intelligent way. He noted that this piece of it is almost more critical to him than continuous improvement. He said the AQMP is critical because there are sensitive areas that are going to leave the local planning piece because the sources they are going after are not traditional. He said it is going to be land use management and it will be fleets, road dust control, and the state or EPA that is going to put rules out on the standards and specifications of road cleaners.

Mr. Brenner next tried to pull all the points together. He said Mr. Nicholson presented a set of tools that have been used in different parts of the Clean Air Act. He said if they all agree at this point that there is a need to make additional progress on clean air and they want to have some sort of continuous progress in lieu of additional economic growth, it becomes a question of 1) using one tool, 2) giving areas a choice of tools, or 3) a providing a combination of tools. He said perhaps the next set of discussions should be about how to go about using these tools to provide for additional progress. He said on the other hand if they are not all in agreement and think there are some areas that do not need to make progress, than that would be a slightly different discussion.

A committee member reiterated that these are tools in a toolbox and there are some tools they are not going to like. He said he never envisioned the glide-slope issue going to zero, but it is a good point. He said for now it is just a philosophical tool and they are just laying options out on the table to see what looks favorable.

Leah Weiss, NESCAUM, said that how they piece them together will determine other pieces of the puzzle. She said for example, perhaps RPLs and continuous improvement will help the group decide how to approach attainment and non-attainment boundaries. She said she wonders in the future if the teams are a good place to talk more as a group because there are so many cross cutting pieces.

Mr. Brenner agreed that it is hard to imagine one tool working across the board.

Mr. Nicholson thanked everyone for their comments. He asked if it was fair to say that voluntary and incentive type measures versus regulatory measures for continuous improvement made more sense. He noted that he never envisioned emissions going to zero. With the RPL idea, he does not think there could be a one size fits all for all types of categories. He said it might be good to have a national uniform approach, but maybe that is unrealistic. He suggested that in order to arrive at a program that utilizes these concepts, the group needs to be flexible enough and compromising to recognize these differences. He would prefer a program that incorporates these features than not to have the opportunity to consider these features because the thinking was too rigid.

Team 2 Issue Papers

Mr. Wyman said that each author of each paper is going to give a brief description of what the tool might include. He pointed out that Team 2 is not at the point of recommending what these tools might include but he did suggest a day retreat to try to tie the tools to the problem. Mr. Wyman said that the air shed is a public good and no one should assume that they have the right to emit pollutants. At the May meeting, he said, Team 2 should have a very specific set of recommendations on how to address the different issues; today's meeting would be informational and would provide a chance to properly define the tools.

Financial Tools and Financial Demand-Side Strategies

Mr. Gregg Cooke, Guida, Slavich & Flores, P.C., gave a status report of where they are on the financial tools and financial demand-side strategies report. The group looked at prior EPA guidance as well as loan, equity, and tax strategies, and brought those together to offer a comprehensive list of what tools are available. There are both financial and non-financial tools which are useful to catalogue. Mr. Cooke said that some of the tools are so effective that the group is planning on discussing them in greater detail as they move forward. The regulatory innovations subcommittee also has looked into some of these strategies and by the end of tomorrow, Mr. Cook stated, the two subcommittees will have made sure they are both on the same page.

Mr. Cooke also discussed a completed paper which presents specific financial incentives provided by the Carl Moyer and TERP tax programs for diesel. By the next meeting, a draft of that paper will be available. He told the group that they are hoping to make the paper a more detailed extension of the financial strategies discussed in the March 2006 Diesel Bus Fleet report. Mr. Cooke asked for comments and requested that members of the committee share with the group any financial tools and emissions trading tools they may have missed.

Mr. Wyman mentioned that since many people have probably not had a chance to review these, there is an opportunity well beyond this meeting to suggest additions and changes to the list.

Mr. Cooke said the group did a very good job of cataloguing everything. The first section is financial and the second section is non-financial. Because of their effectiveness from an incentive based standpoint, Mr. Cooke said the group is aware that they need to go into greater detail to describe some of the most effective tools.

Steve Winkelman, the Center for Clean Air Policy, mentioned that a great deal of money comes from infrastructure funding. Whether the money is state or federal, and whether its requirements are to look at the air quality impacts of infrastructure funding or other components of air quality, there is a potential to leverage these funding sources. Mr. Winkelman went on to explain that there may be incentives that can be built into the use of infrastructure funding, which can include anything from sewers and water treatment to building schools. Massachusetts and New Jersey have incentives like these in place.

Mr. Cooke stated that the group did not look at public infrastructure from an incentive perspective and did not look at the land use side of this equation. The group mostly focused on mobile and diesel sources, but Mr. Cooke said that this is something worth considering.

Mr. Wyman asked Mr. Winkelman if it was possible for him to provide the committee with some more details about these incentive tools.

Mr. Winkelman mentioned that he attended an EPA funded workshop in Sacramento, California in December 2004 and the group there came up with air quality and Smart Growth ideas relevant to infrastructure funding that would be good to pass along.

Elaine Mowinski Barron, JAC Paso Del Norte Air Quality, asked Mr. Cooke if the group considered any financial incentives for bi-national qualities of non-attainment as far as emissions trading issues and emission reductions are concerned.

Mr. Cooke responded that the group only considered this from the perspective that it was raised in some of the trading possible regimes. The incentive programs mainly rely on state government, and it is difficult for state governments to deliver that service across

international borders. Mr. Cooke said the potential is there though, and may be worth exploring.

Ms. Barron also asked about United States plants that are in the border areas. A plant in another country is required to comply with the air quality requirements of the host country (and often times these are more stringent than in the United States but not enforced very well). She asked if there were any tools addressing adherence to particular air emission requirements for United States plants located in border areas.

Mr. Cooke stated that this is a good issue but does not have a lot of traction because it is not viewed as an incentive program but as an enforcement issue.

Mr. Stephen Hartsfield of the National Tribal Air Association stated that he would extend that comment to tribal lands. In Southern California, the non-attainment issues experienced on tribal lands is often because of off reservation sources. Mr. Hartsfield said that there is a similar parallel to the international issues raised by Ms. Malinowski.

Except, Mr. Cooke responded, there is federal jurisdiction on federal lands whereas there is no federal jurisdiction in border areas.

Mr. Hartsfield said that although that is true, tribes are interested in being self-regulated.

Mr. Bob Avant, Texas Department of Agriculture, thought that more emphasis should be placed on telecommuting. There is not enough focus on those incentives and Mr. Avant thought they could have a very large impact.

Mr. Cooke said that there is EPA data they should collect and he believes it would agree that telecommuting can potentially have a fairly large impact.

Mr. Jeff Underhill, New Hampshire Department of Environmental Services, stated that the differences between states' and tribes' willingness to invest in incentive programs varies greatly. The application of these incentives could probably be done in a mix of local, state, and regional application where it makes sense. As part of this exercise, Mr. Underhill asked whether it would be appropriate to discuss where different incentive programs work best.

Mr. Cooke responded that if there is some participation through a match component – almost providing the states with an incentive to create an incentive – the states are much more willing to participate.

Mr. Rob Brenner, EPA, agreed that participation through a match makes all the difference to the commitment that goes into the program. He observed that a federal carrot can successfully get commitment from the states.

Mr. Underhill cited an example of how a federal carrot successfully worked in New Hampshire. Through federal funding, New Hampshire put in place an anti-idling policy

for its school bus fleets and it has been very successful. Still, he thought it might be appropriate to discuss how incentive programs can be applied regionally.

Mr. Cooke believed regional initiatives would probably work best in the Northeast. Mr. Cooke posed the question of how to foment regional incentives from an economic standpoint and went on to say that it is a difficult question but one the group will address.

Emission Trading Tools

Mr. Wyman asked if anyone had any comments on the emissions trading section which was discussed quite extensively at last meeting. No one had any comments and Mr. Wyman asked Mr. Michael Sheehan of New York State DEC to discuss his paper on informational programs.

Information Programs, Reward Programs and Non-Financial Demand-Side Strategies – Michael Sheehan, New York State DEC

Mr. Sheehan said that the paper looked at tools used to gather, store, and transmit information for the purpose of educating, promoting, and potentially applying incentives to the use of existing or new programs for air quality purposes. One of the objectives was to highlight what tools already existed, where they existed, and how individuals were using them. Mr. Sheehan said that EPA has a lot of expertise in disseminating information to the public on a wide variety of topics. Furthermore, Mr. Sheehan stated, since these are information tools, they are pretty flexible and can work with multi-pollutants. For example, one tool in the NAAQS can easily be applied from one pollutant to another. Mr. Sheehan and the group discovered that useful informational tools require monetary and staffing resources to maintain the information system and ensure it is effective.

Mr. Wyman added that a TRI type of program would be good at encouraging continuous improvement, which is an idea that has not yet been incorporated but has some potential merit. One of the questions that should be discussed in an upcoming meeting is what form that would take. A corporate report could get enough prominence that stock analysts will look at it in determining relative risks associated with different companies. Mr. Wyman observed that if such a report can get into that world, these incentives become extraordinarily powerful. Mr. Wyman also said that the committee should consider developing a pollution analogue to the nutrition label. This is something that has been discussed before.

Mr. Wyman asked if there were any more questions or comments related to informational tools.

Mr. Cooke mentioned that there was a conversation in Dallas about applying an Energy Star type program to the automobile industry. Energy Star has been very successful and accepted among the general public so there may be a way to emulate its success in other venues such as the automobile industry.

Mr. Wyman discussed the radical idea of merging informational tools with financial tools to apply differential pricing (for everything from consumer products to fuel purchases) which would have enormous impact. Mr. Wyman noted that the problem is that differential pricing gets into questions of equity as well as taxing issues.

Mr. Cooke stated that a discussion is still needed concerning having a master coordinated EPA website for all these tools. This would involve discussing who would do it and how it would be maintained. Mr. Brenner said that EPA has taken a shot at a couple of websites, mainly building on what has been done at the Innovations conference. Mr. Brenner stated that it would be very valuable to get some feedback from the group about what kind of website would be most useful. Mr. Cooke also mentioned that the maintenance of such a website would be a consideration for EPA. Mr. Brenner said that a website would be a great tool and hopefully can be built off an existing website. Mr. Cooke said that the committee should reserve some time for that topic to be addressed specifically.

Mr. Tony DeLucia mentioned some software which is being used for decision making on air quality related to urban forestry at the community level. This may fit into the toolkit and Mr. DeLucia indicated he would get further information about it.

Mr. Steve Winkelman said that their organization did a guidebook on transportation emissions, travel demand side in Smart Growth, fuels, and vehicle technology. The guidebook goes through the planning tools available in these areas and EPA's Office of Smart Growth also has a number of resources. Mr. Winkelman mentioned how the individuals heading up building efficiency in these areas have been envisioning the labeling of houses.

Planning Tools

Patty Strabbing, Daimler Chrysler Corporation, introduced the paper on permit streamlining. She pointed out that this is not a new concept but the idea was to create a document that would put all the information into one place. This would avoid redundant requirements and constraints in favor of limits that ensure the necessary and required emissions performance, and the associated compliance demonstration in a manner that is practically enforceable. Ms. Strabbing noted that guidance is available but many states have not been embracing these concepts and unfortunately it has been creating lengthier permits and permit processes.

Ms. Strabbing suggested flexibility and allowing limits for like sources rather than having one emission limit for each source. This approach reduces paperwork and still has the same net environmental impact.

Ms. Strabbing noted that one of the elements that a lot of sources have been running into when obtaining Title V permits is redundant permit conditions. Ms. Strabbing said that

streamlining has been out there for ten plus years in different areas. There are existing flexible permit initiatives but Ms. Strabbing said it was important to get the word out.

Ms. Strabbing said that the idea is that there are no environmental disadvantages from permit streamlining and it might make it easier to reduce emissions further. From an economic standpoint, there are a lot of things from frivolous enforcement and administrative costs, that would be reduced through permit streamlining. Upfront, Ms. Strabbing stated that there is a little bit more time invested in figuring out what the terms and conditions of the permit will be, but at the end of the day, both sides benefit. Ms. Strabbing said that the result is more common sense permitting conditions, specifically relevant the source.

In terms of replicating the ability to do so, the group thought this is a great tool. Ms. Strabbing said that perhaps more guidance documents can come out so that more individuals can get involved. Ms. Strabbing noted that permit streamlining would decrease the need for add on controls and increase the incentives for reducing emissions. Ms. Strabbing noted that controls often create disincentives. Reducing pollution up front is a win-win for both sides and is easier than doing so later in the process. Ms. Strabbing welcomed comments.

Mr. Avant said that it would be nice to get some programmers to work on a turbo tax like permit streamlining program because it would make it easier for all sides.

Mr. John Seitz, SNR, said that EPA has a report pending and Mr. Seitz was wondering if these ideas and suggestions were included in the report.

Mr. Brenner responded that a lot of recommendations are included in the report which relates to Title V permitting, but certainly those that are not included should be worked into the report.

Regarding the turbo tax, Mr. Seitz said that he wanted to make clear that he believed the industry should start working on the permit applications and submit it to the state.

Ms. Strabbing agreed with Mr. Seitz and noted that some states are starting to do that and it really is speeding up the decision making process.

Retrofit Strategies (other than financial incentives, which are listed separately above)

Mr. Dana introduced the paper on retrofit strategies. He said that he focused on the Carl Moyer Fund in California and pointed out how much it reduced PMs and NOx. While EPA has new standards coming into place in 2007 and 2010, Mr. Dana said, the diesel fleet takes a long time to turn over, thus it makes more sense to retrofit.

Mr. Cooke said that the Houston Advanced Research Center interviewed most of the heavy equipment manufacturers and retrofit providers and concluded that mobile SCR is

the wave of the future. One of the barriers is getting through the EPA verification process. Mr. Cooke also mentioned that California is focusing on PM as its primary goal while Texas is focusing on NOx. As a result, he said, there is some split among manufacturers about whether to focus on PM or NOx depending on what part of the country is being discussed. Mr. Cooke said that it is going to be necessary to discuss with EPA how the technology is changing, how to streamline and overcome barriers for verification requirement, and the regional differences focusing on different pollutants so that funding sources can be used most effectively.

Enforcement Enhancements (includes privatization strategies)

Sharon Kneiss, AF&PA, discussed incentives for self-certification. Ms. Kneiss said that the concept is to allow incentives for reduced reporting and inspections for those who have superior compliance requirements (as determined by third party auditors). She said that a lot of this could be instituted under the current act. Auditing firms are well equipped to do this kind of third party audit. Ms. Kneiss sees an opportunity to reduce the cost to regulatory agencies as industry takes on the cost of auditing.

Mr. Wyman thought that if self-certification became robust and establishes a high level of responsibility and diligence, it would be appropriate to consider a statutory change in the enforcement regulations. Mr. Wyman said that that sort of company should not be subject to prosecution on a strict liability basis. Instead, it would be appropriate to prosecute a company on a negligence basis. Mr. Wyman said that this kind of incentive could transform the industry. Companies would do a lot to avoid liability and transform their environmental management process, which would go very far to encourage responsible behavior. Mr. Wyman also noted that the process would be completely transparent.

Mr. Avant said that most companies have an independent internal audit which reports directly to the board of directors. He thought that this kind of auditing system could be institutionalized.

Mr. Wyman mentioned a case many years earlier where a large company was criminally prosecuted. He said it became apparent that they had an internal auditing system in place which decreased their liability in the case.

John Hornback, Metro 4-SESARM, posed the question of how to overcome the complexities or the criticisms from the environmental side that companies should be subject to more policing if there is self-policing.

Mr. Wyman said that the information can be independently enforced and accessible to the public. For example, citizens and government could go after civil penalties, although they would have to prove intent. Mr. Wyman said that if there would be a violation, odds are it would be a serious violation. He said it is impossible to enforce to the degree the group would regard as necessary, so it is a good idea to use private mechanisms to create robust, transparent, and efficient enforcement.

Mr. Hornback mentioned that he heard from companies that they would be willing to accept tighter emissions standards in exchange for self-certification. Mr. Hornback asked Mr. Wyman if he thought that was a viable alternative. Mr. Wyman replied that he did.

Gary Jones, PIA/GATF, discussed a program in Massachusetts called the Environmental Results Program which works with a large group of industries, including print industries, to simplify the regulatory process. He said that each year the printer fills out a certification form and workbook identifying how they are complying with the reporting requirements; the workbook is then submitted to the state. He said that the program has been very successful. Compliance rates increased greatly because people understand the process. He mentioned that they are trying to do the same program approach in Wisconsin.

Ms. Kneiss discussed the next recommendation, source specific emission limit agreements. Ms. Kneiss said that sources would be allowed to apply to the permitting authority to make changes to their current package of emissions reduction under the current permitting. The permitting authority would approve those changes upon an evaluation that the changes were more socially beneficial and guaranteed at least the same level of environmental protection. The evaluations would be based on site specific factors and would require EPA consent on a case-by-case basis. Ms. Kneiss said that this could be done under current consent decree but would probably require changes to the Clean Air Act.

Ms. Strabbing discussed the ability of agencies to outsource activities to contractors. She said that there would still need to be oversight from the agencies themselves. There has been the use of third parties for routine inspections, writing of permits, review applications, and negotiating permit conditions. Ms. Strabbing said that she hoped that contracting could speed up the process. In fact, if they were utilized for permits, she said that there might be quicker emissions reduction because permits would be issued quicker. Ms. Strabbing said the idea needs to be presented so that more states will embrace concept.

Mr. Seitz noted that contracting has not actually led to increased efficiency and sometimes has caused problems according to some studies from EPA.

Ms. Strabbing said that if others do have experience and have found that it does not increase efficiency, then their input is definitely encouraged.

Janet McCabe, Improving Kids Environment, discussed the experiences of Indiana, which was one of the first states to outsource. Overall, she said, it does not cost less. However, since it is so difficult to increase state personnel, more permits get out faster. Ms. McCabe said that one lesson that was learned is that it is necessary to use out of state contractors to avoid conflict of interest. This can create political problems for governors that are trying to keep jobs in the state. Ms. McCabe also mentioned that companies were not happy because they did not like talking to someone out of state, even though the

contractors are usually more experienced than the state officials. Ms. McCabe said that the proposal of third party auditors makes her nervous. She said that the state of Indiana definitely feels that it should be state officials auditing companies.

Mr. Cooke said that in the water context, third party contractors have been used even more extensively.

Targeted Strategies

Mr. Wyman mentioned that Pamela Giblin has a paper on target strategies which the members should look at.

Emission Limits

Dan Johnson, WESTAR, said that if the members are not familiar with the emission limit tool, they are probably in the wrong room. Mr. Johnson mentioned that they added "command and control" to make sure it was a complete list of tools.

Mr. Wyman said that between now and mid-May meeting, the subcommittee will be meeting and anyone who is interested should attend. Mr. Wyman thanked everyone for their hard work on the papers.

Next Steps

Mr. Green suggested that the teams get back together with their issue groups and come up with a refined list of recommendations. He said the list will likely expand on some recommendations and add some additional ones based on suggestions. Recommendations should be placed into appropriate scenarios and then the two teams will integrate and merge the recommendations between Team 1 and Team 2 based on the three different scenarios. Mr. Green hoped that this could be accomplished before the next meeting on May 18.

Ms. Leah Weiss, NESCAUM, thought it would be helpful that there be agreement on the scenarios. At this point, she said, she did not feel ready to sign off on the scenario piece as it presently stands.

Mr. Green inquired as to Ms. Weiss' specific concerns about the scenarios.

Ms. Debbie Stackhouse, EPA, said that the meat of what will go into the three scenarios is not decided on.

Ms. Weiss clarified that there are three bins and the group still needs to decide what exactly will be going into those three bins.

A committee member said that there needs to be a process put in place to decide where the different recommendations should be appropriately placed.

Ms. Scavo said that developing an ideal air quality management design is another step which needs to be taken. Instead of creating three separate visions for each bin, the two groups need to discuss how the different scenarios can fit within the three pieces.

Ms. Wegman said that there have been a lot of individual discussions and it is necessary to have a team discussion, which preferably would occur before the May 18 meeting.

Mr. Green said that substantial consensus is the goal and the committee may not reach 100 percent agreement with the recommendations. He said that those individuals who did not agree with substantial majority would have the opportunity to issue a minority report.

Mr. Avant expressed his concern that there might be complete disagreement among different sectors and if that was the case, it should not be considered substantial consensus.

Mr. Green agreed with Mr. Avant but said that he would prefer not to deal with that situation until it came up. He said that even if it does come out on one or two issues, the committee may want to move forward on it anyway. The agency, he mentioned, has the final decision to decide what will go forward and what will not go forward; thus recommendations should be advanced so they have an opportunity to look at them.

Mr. Brenner mentioned that he believed everyone has worked very hard to get consensus and therefore he did not think that it would be too great a problem. There is, he said, a lot of experience around the table which made it difficult to schedule some things. Mr. Brenner mentioned that everything seems to be coming together and the documents were very helpful to the discussion today.

Mr. Green expressed his thanks.

U.S. EPA Clean Air Act Advisory Committee
Air Quality Management Subcommittee Meeting
April 4, 2006
Sheraton Crystal City Hotel
Arlington, VA

List of Attendees

Name	**Affiliation**
Janet McCabe	Improving Kids Environment
Debbie Wood	EPA
Jeff Underhill	New Hampshire Department of Environmental Services
Dan Johnson	WESTAR
Sharon Kneiss	AF&PA
Stephen Hartsfield	National Tribal Air Association
Jay Burtzer	EPA Region 5
Steve Rosenthal	EPA Region 5
Dough Aburano	EPA Region 5
Patty Strabbing	DaimlerChrysler Corporation
Michael Reale	DaimlerChrysler Corporation
Chris Stoneman	EPA OAQPS
Barbara Driscoll	EPA OAQPS
Erika Sasser	EPA OAQPS
Bob Avant	Texas Department of Agriculture
Larry Green	Sacramento AQMD
Chuck Mueller	Georgia EPD
Steve Winkelman	Center for Clean Air Policy
Leah Weiss	NESCAUM
Charlene Schachter	Our Children's Earth
Jon Averback	EPA OGC
John Seitz	SNR
John Hornback	Metro 4-SESARM
Gregg Cooke	Guida, Slavich, and Flores
Lynn Terry	CA Air Resources Board
Greg Dana	Alliance of Auto Motors
Michael Bradley	MJ Bradley & Associates
Bill Harnett	EPA
Gary Jones	Printing Industries of America/Graphic Arts Technical Foundation (PIA/GATF)
Jeff Muffat	3M Company
Randy Evans	Infineum USA L.P.
Ron Drewnowski	PSEG
Susan Bullard	EPA OTAQ
Denise Mulholland	EPA OAR/OAP
Brock Nicholson	NC DAQ

Name	Affiliation
Kimber Scavo	EPA OAQPS
Michael Sheehan	NYS DEC
Jeff Whitlow	EPA OAQPS/DFO
Rob Brenner	EPA OAR
Greg Green	EPA OAQPS
Debbie Stackhouse	EPA OAQPS
John Bachmann	EPA OAQPS
Bob Wyman	Latham & Watkins
Lydia Wegman	EPA OAQPS
Tony Delucia	James H. Quillen College of Medicine, ETSU
Phillip Wakelyn	National Cotton Council
Elaine Mowinski Barron	JAC Paso Del Norte Air Quality
Don Clay	Koch Industries Inc.